

Message Text

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42

ACTION EUR-25

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TO SECSTATE WASHDC 4068

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AMCONSUL ISHENBUL UNN

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TAGS: EMIN, EFIN

SUBJECT: NEW MINING LEGISLATION BEING PREPARED

1. SEVERAL SOURCES REPORT THAT PROGRESS BEINGMADE
WITHIN MINISTRY OF ENERGY AND NATURAL RESOURCES ON
DRAFTING OF BASIC LEGISLATION ON MINING. GOVERNMENT
REPORTEDLY HOPES DRAFT LEGISLATION CAN BE INTRODUCED INTO
PARLIAMENT IN NEAR FUTURE AND APPROVED DURING CURRENT SESSION.

2. CONTENTS OF NEW DRAFT LEGISLATION ARE STILL SUBJECT TO
SPECULATION. VARIOUS SOURCES SUGGEST FOLLOWING PROVISIONS
MAY BE INCLUDED:

A. GREATER GOVERNMENT CONTROLS OVER MINING
EXPLORATION LICENSES AND CONCESSIONS. (AMONG OTHER
REASONS THIS IS INTENDED TO ACCELERATE PACE
OF MINERALS DEVELOPMENT. THERE IS SOME
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BELIEF THAT CONCESSION HOLDERS IN PAST HAVE FAILED

TO WORK AT ALL ON CONCESSIONS OR HAVE PROCEEDED
ONLY SLOWLY)

B. PROVISIONS TO INTRODUCE NEW REGULATIONS
FOR MAXIMUM PROCESSING OF ORES IN TURKEY
BEFORE EXPORT.

C. EXLQZTIOMOF FOREIGN ZQA FROM NEW
MINERALS CONCESSIONS. (LOCAL SOURCES ARGUE
TURKISH MINERALS DEPOSITS ARE CRITICAL NATIONAL
RESOURCE AND TOO SCANTY TO BE ALLOWED TO BE
CONTROLLED BY FOREIGN SOURCES.)

D. PROVISION FOR STATE TO TAKE OVER (OR
RESERVING TO STATE) DEVELOPMENT OF SOME
MINERALS REGARDED AS CRITICAL OR STRATEGIC
RESOURCES. COMPENSATION WOULD BE PAID TO
PRIVATE FIRMS WHOSE ACTIVITIES MIGHT BE NATIONALIZED
UNDER THESE PROVISIONS.

3. EMBASSY COMMENT: IT IS TOO EARLY TO TELL WITH
CERTAINTY PRECISELY WHAT SHAPE THE NEW MINING LEGISLATION
WILL TAKE. IT WILL BE RECALLED THAT NEW MINING
LEGISLATION WAS PASSED TWO YEARS AGO BUT VETOED BY
PRESIDENT MAINLY ON PROCEDURAL GROUNDS AND REFERRED
BACK TO PARLIAMENT. PRESENT RPP-NSP GOVERNMENT
PROGRAM HAS SEVERAL PROVISIONS REGARDING MINING SECTOR
AS FOLLOWS:

A. CALLING FOR RAPID DEVELOPMENT OF MINERAL RESOURCES.

B. PROCLAIMING
THAT "EXTRADITION AND MANAGEMENT OF UNDERGROUND
RESOURCES WILL BE REGULATED BY THE STATE, AND IN
THE MEANTIME BORAX MINERALS WHICH ARE OF A STRATEGIC NATURE WILL
BE NATIONALIZED WITHIN THE LIMITATIONS OF THE LAWS" AND

C. CALLING FOR EXPORTATION OF TURKISH ORES IN
PROCESSED FORM RATHER THAN AS ORES OR
SEMI-PROCESSED FORM.
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VARIOUS SOURCES REPORT THERE IS NO INTENTION FOR GOVERNMENT
TO NATIONALIZE ENTIRE MINING SECTOR. HOWEVER, LIGNITE AND
BARITE RESOURCES ARE MENTIONED AS THOSE THAT MAY
HEREAFTER BE RESERVED TO GOVERNMENT SECTOR, IN ADDITION
TO BORON MINERALS.

TURKISH MINING SECTOR CURRENTLY HAS ONLY SMALL

FOREIGN PARTICIPATION AND HAS BEEN VIRTUALLY CLOSED TO
FOREIGN INVESTMENT IN RECENT YEARS.

NOTE: PROPOSED NEW MINING LEGISLATION DOES NOT INCLUDE
PETROLEUM ACTIVITIES WHICH ARE COVERED BY SEPARATE
LEGISLATION.
MACOMBER

NOTE BY OCT: PARA 2 C AS RECEIVED.

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